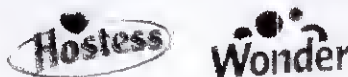


# Hostess Brands

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CHIEF EXECUTIVE OFFICER

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Office: 972-532-4500 Fax: 972-892-7694

GREGORY F. RAYBURN

November 16, 2012

To All Hostess Brands Employees:

I have very disappointing news. Hostess Brands must immediately begin to wind down all operations and conduct an orderly sale of all company assets. Many people have worked incredibly long and hard to keep this from happening, but now Hostess Brands has no other alternative than to begin the process of winding down and preparing for the sale of our iconic brands.

As you know, for many months the Company has been working with our unions, lenders and other stakeholders to reach a consensual resolution to legacy costs and labor contracts. Despite everyone's considerable efforts to move Hostess out of its restructuring, when we began implementing the Company's last, best and final offer, the Bakers Union chose to stage a crippling strike. This affected Hostess' ability to continue to make products and service its customers' needs and pushed Hostess into a Wind Down scenario. As a result, we are forced to proceed with an orderly wind down and sale of our operations and assets. We deeply regret taking this action. But we simply cannot continue to operate without the ability to produce or deliver our products.

There's no way to soften the fact that this will hurt every Hostess Brands employee. All Hostess Brands employees will eventually lose their jobs – some sooner than others. Unfortunately, because we are in bankruptcy, there are severe limits on the assistance the Company can offer you at this time. We have attached a Question and Answer document and certain contact information related to employee issues, which provide all the information that we currently have available to help guide you through this difficult time. It includes information on how to contact state unemployment agencies and contact information for other resources. You can also find all available information on the Internet at [www.hostessbrands.info](http://www.hostessbrands.info).

I wish each of you the best.

A handwritten signature in dark ink, appearing to read 'Greg Rayburn', followed by a long horizontal line.

Gregory F. Rayburn  
CEO  
Hostess Brands, Inc.

## Employee FAQ with Resource Sheet

### 1. Why is the Company liquidating?

We deeply regret taking this action. Widespread strikes by the Bakers Union forced us to cease operations because we can no longer produce or deliver product.

### 2. How long will my job continue?

All Hostess Brands employees will lose their jobs; some sooner than others. After today, you should remain home and you will be notified of your termination date. All of Hostess Brands' bakeries and distribution centers will be closed after today. Retail stores will continue to sell left over product for a few days and then will close. With a few exceptions, most people companywide, including those in our corporate offices, will be asked to stay home.

### 3. Have all positions in the Company been eliminated?

A small number of positions will continue for a set period of time to complete the Wind Down of the business. People in those positions have already been notified. Everyone else will be asked to stay home, beginning tomorrow.

### 4. When will I receive my last paycheck?

You will be paid through the date of your termination in accordance with the normal payroll schedule. Employees who receive their pay through direct deposit will continue to have their pay deposited directly into their designated bank account and the check stub will be mailed to their homes.

### 5. Who can I contact if I do not receive my last paycheck in the mail?

Call the AskHR Help Line: 1-800-HOSTESS or go to their website: [askhr@hostessbrands.com](mailto:askhr@hostessbrands.com)



**6. I don't have a computer or any access to the Internet. How can I access the website?**

Your local library should have computers available that you can use, and library staff can assist you if you are not familiar with use of the Internet. You may also have friends or neighbors who can provide Internet access and assistance.

**7. I have submitted expense claims that have not been paid. How do I get reimbursed?**

We have requested that the Bankruptcy Court allow the use of our lenders' cash collateral to pay valid expense claims, but there can be no assurance that the request will be granted.

**8. Will I be paid for unused vacation time?**

Unfortunately, unused vacation time will not be paid out at this time; funds for these amounts are not in the Wind Down budget that our lenders approved.

**9. Are severance benefits being paid?**

Severance will not be paid at this time; funds for these amounts are not in the Wind Down budget that our lenders approved.

**10. Will I be eligible for unemployment benefits?**

It depends on what state you are in and if you went on strike. For example, in some states, striking employees are not entitled to unemployment benefits. You are encouraged to contact the unemployment office for your state. The following website can help you locate your nearest state employment office: [www.servicelocator.org](http://www.servicelocator.org).



## **11. What will happen to my 401(k) account?**

The Wind Down will not impact the money you already invested in your 401(k) account or your right to your benefits under the plan. The money invested in your 401(k) account is held in a trust on your behalf. Creditors of Hostess Brands have no legal right to take money from your 401(k) account.

You will cease making contributions to the 401(k) plan after your termination of employment and any unvested amounts in your 401(k) account will be forfeited. You should contact the Recordkeeper, Principal, to discuss any questions regarding distributions from your 401(k) account and treatment of any outstanding loans.

## **12. What will happen to my pension benefit in the IBC Defined Benefit Plan?**

Because the Defined Benefit Plan sponsored by Hostess Brands does not have sufficient assets to cover all liabilities, the Plan will be terminated and the Pension Benefits Guaranty Corporation (PBGC) will assume its liabilities. PBGC will pay benefits according to a complex set of legal rules. Once the Plan is terminated, you will receive information directly from the PBGC regarding your benefits.

## **13. My pension benefits are provided under a Multi Employer Pension (MEPP) plan. What will happen to those MEPP pension benefits?**

Hostess Brands suspended payments to the MEPPs as of August, 2011. For active employees, the circumstances differ for each MEPP, so you should contact the administrator of the MEPP that you participate in.

**14. What will happen to my medical and dental benefits under the Hostess Brands sponsored plan?**

Your coverage under the Hostess Brands medical plan will end on the last day of the month of your termination of employment. Costs for medical and dental services that you incurred prior to your separation from service should be submitted as soon as possible. The Company is requesting permission from the Bankruptcy Court to pay medical and dental costs that were incurred before your termination date but not yet submitted for payment. There is no guarantee that the Court will approve payment of these costs. The Website [www.hostessbrands.info](http://www.hostessbrands.info) will be updated to provide more information when it is available.

**15. Will continuation coverage (i.e., COBRA) be offered benefits under the Hostess Brands sponsored plan?**

Continuation coverage may be available through COBRA for employees who were on the Hostess medical plan.

**16. What will happen to my medical and dental benefits under union-sponsored plans to which the Company makes contributions on my behalf?**

Hostess Brands has terminated its contributions to all union-sponsored plans (also known as Taft-Hartley plans). Your benefits may have ended on the date you separated from service or the date the Company's participation in the plan was terminated, whichever occurred first. Contact your plan administrator for information on whether you still have coverage.

**17. Will continuation coverage (i.e., COBRA) be offered under such union-sponsored plans?**

You should contact your plan administrator for information about continuation coverage related to these plans.